

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NEA-10

/112 W

-----090225Z 125214 /64/63

R 062133Z JUN 77 CORRECTED COPY FOR MRN

FM AMCONSUL VANCOUVER

TO SECSTATE WASHDC 3515

INFO AMEMBASSY OTTAWA UNN

AMCONSUL CALGARY

AMCONSUL TORONTO

C O N F I D E N T I A L VANCOUVER 0514

C O R R E C T E D C O P Y (MRN0514 VICE 04735)

E.O. 11652: GDS

TAGS: ENRG, CA, US

SUBJECT: ENERGY: KITIMAT OIL PIPELINE PROJECT

1. IN BRIEF CONVERSATION JUNE 3, JACK CRESSEY, KITIMAT PIPE LINE PROJECT MANAGER, CONFIRMED TO CONGEN ECONOFF THAT CONSORTIUM'S DECISION TO REQUEST THE NATIONAL ENERGY BOARD (NEB) TO "DELAY" ACTION ON THE KITIMAT APPLICATION IN FAVOR OF HEARINGS ON TRANS MOUNTAIN'S APPLICATION TO REVERSE ITS PIPELINE FROM CHERRY POINT WAS "TACTICAL." HE EMPHASIZED THE KITIMAT PROJECT WAS "BY NO MEANS DEAD" AND THAT THEY FULLY EXPECT TO PROCEED WITH THE PROJECT ONCE THE GOC COMES TO THE "LOGICAL" CONCLUSION THAT KITIMAT IS SUPERIOR IN VIRTUALLY ALL RESPECTS TO THE TRANS MOUNTAIN PROPOSAL AND THAT IT IS IN THE "CANADIAN NATIONAL INTEREST" TO HAVE A FACILITY PROVIDING ACCESS ON THE CANADIAN WEST COAST TO TIDE WATER CRUDE OIL.

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2. CRESSEY SAID THE KITIMAT COMPANY HAD CONCLUDED SOME WEEKS AGO THAT IT WAS IMPOSSIBLE FOR THE BRITISH COLUMBIA GOVERNMENT TO TAKE ANY LEAD IN SUPPORTING KITIMAT BECAUSE OF THE STRENGTH OF ENVIRONMENTALISTS. FURTHER, THE CONSORTIUM FELT IT WAS WASTING TIME AND MONEY ON A MYRIAD OF STUDIES SUPPORTING ITS CASE WITHOUT A CLEAR GOC POLITICAL DECISION THAT THE PIPELINE SHOULD BE BUILT AND

WITHOUT A GOC REQUEST TO THE B.C. GOVERNMENT TO "FACILITATE" THAT DECISION.

3. CRESSEY INDICATED THE CATALYST FOR THE KITIMAT DECISION TO DELAY ACTION ON ITS APPLICATION WAS THE BERGER REPORT WHICH "SCARED" THE CONSORTIUM. HE BLUNTLY STATED HIS COMPANY THEN DECIDED TO HANG ITS TACTICAL MOVE ON THE TRANS MOUNTAIN NEB APPLICATION, AN ACTION WHICH HE SAID HAS TRANS MOUNTAIN'S PRESIDENT KEN HALL BOTH BEWILDERED AND "MAD AS HELL."

4. REGARDING THE BROADLY MANDATED KITIMAT INQUIRY, CRESSEY SAID HE HAS ASSURED CHAIRMAN THOMPSON THAT THE KITIMAT CONSORTIUM WILL CONTINUE IN A "LOW KEY" WAY TO PROVIDE WITNESSES, BUT WILL NO LONGER ACT AS PROPONENTS OF THE PROJECT. HE SUSPECTS DR. THOMPSON WILL NOW HAVE TO SEEK "REDIRECTION" FROM OTTAWA AS TO HOW THE INQUIRY IS TO PROCEED, IF AT ALL. LUPPI

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## Message Attributes

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**Review Markings:**  
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